

EXAMPLE ONLY

SETTLEMENT COMPUTATION  
For the Period 7-1-90 through 6-30-91

7/1/90  
Through  
6/30/91

Model Budget @ 100% Capacity	<u>\$95.32</u>
Capacity Days	<u>3,650</u>
Ceiling Dollars	<u>\$347,918.00</u>
Actual Resident Days	<u>3,554</u>
Ceiling Rate	<u>\$97.89</u> =====
 Total Expenditures Per Cost Statement	 <u>\$341,072.00</u>
Less: Adjustments	<u>.00</u>
Net Allowable ICF/MR Expenditures	<u>\$341,072.00</u>
Actual Resident Days	<u>3,554</u>
Actual Net Per Diem Cost	<u>\$95.97</u> =====
 Settlement Rate (Lesser of Ceiling or Actual Net Per Diem Cost)	 <u>\$95.97</u> =====

IN # <u>91-27</u>	DATE APPROVED <u>8-29-92</u>
APPROVED	EFFECTIVE DATE <u>10-1-91</u>
DATE TO C.O.	
- 1 -	

EXAMPLE ONLY

COMPUTATION OF SETTLEMENT AMOUNT  
For the Period 7-1-90 through 6-30-91

The following computation for the period 7-1-90 through 6-30-91 discloses that:

1. The ICF/MR owes the Mental Health Division

or

2. The Mental Health Division owes the ICF/MR \$1,916.40

ICF/MR FACILITY VENDOR #

Mo./Yr. Service	Settlement Rate	Interim Rate	Settlement rate minus Interim Rate	Resident Days	Amount
7/90	\$95.97	\$96.59	(1) (\$ .62)	310	(\$192.20)
8/90	95.97	95.32	.65	310	201.50
9/90	95.97	95.32	.65	270	175.50
10/90	95.97	95.32	.65	279	181.35
11/90	95.97	95.32	.65	270	175.50
12/90	95.97	95.32	.65	305	198.25
1/91	95.97	95.32	.65	310	201.50
2/91	95.97	95.32	.65	280	182.00
3/91	95.97	95.32	.65	310	201.50
4/91	95.97	95.32	.65	300	195.00
5/91	95.97	95.32	.65	310	201.50
6/91	95.97	95.32	.65	300	195.00

Total \$1,916.40

Facility \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(1) This interim rate was paid prior to the rate revision in the letter dated 7-30-90.

TR # <u>91-27</u>	DATE APPROVED <u>8-24-92</u>
APPROVED _____	EFFECTIVE DATE <u>10-1-90</u>
DATE _____	DATE TO C.O. _____
COMMENTS	

Instructions for Preparation of the Newly Revised AFS ICF/MR Cost Statement

INTRODUCTION

The following instructions, based on the rules in the ICF/MR provider guide, will help clarify and give direction in completing the ICF/MR Cost Statement. Additional explanation to specific questions may be obtained by contacting Adult and Family Services Division. FSRTFs may disregard these instructions and use the Medicare Form 2552 portion of the ICF/MR Cost Statement and chart of accounts.

FILING OF ICF/MR COST STATEMENT

Generally, cost statements are filed on an annual basis, and are due within 90 days of the facility's REPORTING period end. Improperly completed or incomplete cost statements will be returned for proper completion, to be returned to AFS within 30 days. See Rule 461-17-920 of the ICF/MR provider guide for further explanation.

MIXED LEVEL-OF-CARE FACILITIES

If a facility provides either a skilled or semi-skilled level of care in addition to the ICF/MR level of care, the Nursing Home Cost Statement shall be completed first, so that only those dollar amounts related to the ICF/MR level of care are entered on the ICF/MR Cost Statement.

If a legal entity operating an ICF/MR program also operates programs or businesses not reimbursable under Title XVIII or Title XIX, at its discretion, the facility may decide to separate the non-ICF/MR costs before the cost statement is done, or in the adjustment column of the cost statement.

Page 1

The first page of the cost statement is used to identify the facility, list the facility's public billing rates, provide space for signature by the responsible parties, and provide space for other related information.

SIGNATURES

Both the preparer, if not an employee of the provider, and the owner or individual who normally signs the Federal Income Tax Return or other report shall sign the ICF/MR Cost Statement.

Page 2

The second page is used to identify the owners and officers, their ownership interest in the facility, services they performed for the facility, and other related information.

Page 3

The third page is used to identify other businesses with which the owners are involved, the facility administrator, and other related information.

ADMINISTRATOR SUMMARY

Include all of the designated administrators for the cost statement period and their dates of service as administrator of the facility. Also, list the current administrator.

DATE REC'D.	12/31/80
EFFECTIVE DATE	11/1/81
COMMENTS	App 1/20/81
SUB. #	80-31
DATE TO STATE	12/1/81
DATE FILED	12/1/81
D. TETO D.C.	12/1/81

Page 4

The fourth page provides space for additional explanation of any item on the cost statement, and space for information on the facility and equipment.

Page 5

Page 5 is the beginning of the financial section of the cost statement.

FINANCIAL SECTION

The financial section of the cost statement has been designed so that a provider can determine his net allowable costs, and determine by cost finding his per diem cost for the ICF/MR program.

REVENUE SCHEDULE

The provider shall include all of his revenue by appropriate account as described in the chart of accounts.

Except for those facilities providing a skilled or semi-skilled level of care, the first column shall include all revenue of the facility and shall be reconcilable to the facility's Income Statement or Profit and Loss Statement, and to the appropriate IRS Reports. For those facilities providing a skilled or semi-skilled level of care, see "Mixed Level-of-Care Facilities" above.

Any difference between net income per ICF/MR Cost Statement and net income per IRS report shall be reconciled on Schedule A.

The second column shall include revenues allocable from a home office net of adjustments and reclassifications.

The third column is designed so the provider can make adjustments and reclassifications to the gross revenue shown in the first column. These adjustments and reclassifications shall be made according to the provisions of the ICF/MR provider guide before the cost statement is submitted.

The first three columns total to the fourth column.

Page 6

Page six is the beginning of the base cost schedule.

BASE AND LABOR COST SCHEDULES

The provider shall include all of his expenses by appropriate account as described in the chart of accounts.

Except for those facilities providing a skilled or semi-skilled level of care, the first column shall include all expenses of the facility, and shall be reconcilable to the facility's Income Statement or Profit and Loss Statement, and to the appropriate IRS reports. For those facilities providing a skilled or semi-skilled level of care, see "Mixed Level-of-Care Facilities" above.

The second column shall include expenses allocable from a home office. This column shall be reconcilable to the home office financial statements and records. The amounts allocated shall be net of reclassifications and adjustments per provisions of this guide. See Rule 461-17-890 of the ICF/MR provider guide.

DATE REC'D. 8/29/80	SUB. # 70-21	DATE TO D.C. 1/2/81
EFFECTIVE DATE 1/1/81	P O	DATE TO STATE 1/2/81
COMMENTS		DATE FILED

The third column is designed so the provider can make adjustments and reclassifications to the gross facility expenses in the first column per provisions of the ICF/MR provider guide. These adjustments and reclassifications shall be made before the ICF/MR Cost Statement is submitted to the Division.

If an adjustment is for a revenue producing activity relating to a non-allowable cost, the revenue shall be offset against the appropriate expense if the revenue is less than two per cent of the total provider expense. If the revenue is greater than two percent of the total provider expense, costs must be allocated to this area as described in the discussion for Cost Area Allocations.

The fourth column shall include only the net allowable costs attributable to the provider per the provisions of this guide. The first three columns total to the fourth column.

Page 7

Page seven is the last page of the base cost schedule.

Page 8

Page eight is the beginning of the labor cost schedule. See the instructions for base and labor costs above.

Page 9

Page nine is the last page of the labor cost schedule.

Page 10

Page ten shows in total the payroll taxes which are to be allocated to the various labor cost categories, and provides a form for the return on owner's equity calculation.

SCHEDULE OF PAYROLL TAXES AND EMPLOYEE BENEFITS

The allowable Total Employee Benefits and Taxes (Acct. #3200), is to be allocated to the appropriate payroll and employee benefits account in each "Labor Cost" category on the cost statement by actual cost, or by percentage of payroll category amount to the total facility payroll.

RETURN ON EQUITY

The return on owner's equity is calculated on page 10 of the cost statement. The rate of return is identified in Rule 461-17-860 of the ICF/MR provider guide. This same rule defines allowable equity to be included in the per diem rate. Non-profit corporations should not make this calculation since they are not allowed a return on equity.

Page 11

Page 11 is the first page of the balance sheet, and is used to identify the facility's assets.

The balance sheet must be completed as it is presented in the ICF/MR Cost Statement. Substituting another balance sheet will not suffice.

DATE REC'D 12/29/80	SUB. # 80-31 P O	DATE TO D.C. 1/2/81
EFFECTIVE DATE 1/1/81		DATE TO STATE 1/2/81
COMMENTS none		DATE FILED 1/2/81

Page 12

Page 12 is the last page of the balance sheet, and is used to show the facility's liabilities and capital.

Page 13

COST AREA ALLOCATIONS SCHEDULE FOR FACILITIES WITH OTHER REVENUE PRODUCING PROGRAMS

This schedule is designed to develop the ratios to be used in allocating costs to different levels of care. If a facility provides either a skilled or semi-skilled level of care in addition to the ICF/MR level of care, or operates programs or businesses not reimbursable under Title XVIII or Title XIX, see "Mixed Level of Care Facilities" above. If there is no revenue producing activity related to non-allowable costs which generates revenue in excess of 2% of the total gross expenses, this schedule need not be completed.

If an allocation method other than that specified in the schedule is used, an explanation of the method and reason for its use must be provided on page 4 of the cost statement. A supplement to the schedule may be needed if there is insufficient space to adequately show a different allocation. The use of a different allocation method is to be used only if it is more reasonable and accurate than the prescribed method, and is subject to approval by the Division.

Each level-of-care column should contain the resident days or square feet related to that level-of-care by cost area as designated on the schedule. If the designation is for resident days, resident days by licensed bed in the designated ICF/MR area should be used. If the designation is for square feet, the square footage of common areas, including dining, administrative offices, etc. should not be included in the square footage totals where they are used in the same proportionate ratio by all levels of care.

The allocation base column is the total of the level-of-care columns for each cost area.

The net cost area expense column shows the dollar amount of net allowable expenses for each cost area.

The multipliers shown in the last column are used to develop the dollar amounts for the Allocated Costs schedule. Each multiplier is computed by dividing the net cost area expense by the allocation base for that cost area. If costs can be directly related to a level of care, such as might be the case for certain salaries, a multiplier should not be developed since the costs can be entered directly on the Allocated Costs schedule.

Page 14

ALLOCATED COSTS SCHEDULE

This schedule is designed to show allowable costs for the ICF/MR program by cost area, and to calculate the ICF/MR cost per day.

If no allocation via the Cost Area Allocations schedule is required, the dollar amount for each cost area will be the total net allowable expense from the base and labor cost schedules. If the allocations schedule was used, the dollar amount for each cost area is the product of the multiplier for that cost area and the level-of-care sub-total from page 13.

DATE REC'D. 12/14/80	SUR. # P O	DATE TO D.C. 12/18/80
EFFECTIVE DATE 1/1/81		DATE TO STATE 12/1/81
COMMENTS 1007 1015		DATE FILED

The grand total of the ICF/MR cost areas divided by resident days by licensed bed in the designated ICF/MR service area determines the ICF/MR cost per day.

Page 15

Page 15 provides space for explanation of the miscellaneous accounts and other accounts as needed, and space for reconciliation calculations.

Page 16

RESIDENT CLASSIFICATION REPORT

If the resident day count by level of care is the same as the resident day count by licensed bed, this should be indicated on the second schedule of this report instead of unnecessarily repeating the day count.

Page 17

BED CAPACITY SCHEDULE

The "change" columns of this schedule should indicate the total number of beds at the date of change in the number of beds.

STAFFING RATIO REPORT FOR DIRECT CARE STAFF

Only the direct care staff as defined in the ICF/MR provider guide and direct care supervisors that worked during the shift, and the total number of hours they worked for that shift should be included in this report.

Page 18

STAFFING RATIO REPORT FOR SECURE WARD STAFF

Only the secure ward staff and supervisors that worked during the shift, and the total number of hours they worked for that shift should be included in this report.

DATE R.C.D. <u>12/29/80</u>	SUB # <u>30.31</u>	D.T. TO D.C. <u>12/1/81</u>
EFFECTIVE DATE <u>1/1/81</u>	P.O. <u>P.O.</u>	LATE TO STAT. <u>1/31/81</u>
COMMENTS		DATE FILED <u>1/1/81</u>

CHART OF ACCOUNTS

RESIDENT REVENUES

The Private Resident, Other Governmental Supported Resident, and Medicaid Resident revenue accounts are for routine care charges. Revenues generated by charges for ancillary services and supplies are to be included in one of the other appropriate revenue accounts.

Acct. 2120 - Private Resident - ICF/MR

This account includes revenues for routine services provided to private residents that come under the ICF/MR classification as defined in Rule 461-17-600.

Acct. 2140 - Private Resident - Other

This account includes revenues for routine services provided to private residents that do not come under the ICF/MR, skilled, or semi-skilled classifications. The classifications and amounts should be specified on Schedule A.

Acct. 2250 - Other Governmental Supported Resident

This account includes revenues for routine services from other governmental programs, such as VA. Programs and amounts should be specified on Schedule A.

Acct. 2320 - Medicaid Resident - ICF/MR

This account includes revenues for routine services provided to Medicaid residents that are classified as ICF/MR by the Division.

Acct. 2400 - Physical Therapy

This account includes revenue for ancillary physical therapy services, not provided as part of routine care.

Acct. 2410 - Speech Therapy

This account includes revenue for ancillary speech therapy services, not provided as part of routine care.

Acct. 2420 - Occupational Therapy

This account includes revenue for ancillary occupational therapy services, not provided as part of routine care.

Acct. 2500 - Nursing Supplies

This account includes revenue for nursing supplies not provided as part of routine care.

Acct. 2510 - Prescription Drugs

This account includes revenue for prescription drugs not provided as part of routine care.

Acct. 2520 - Laboratory

This account includes revenue for laboratory work, supplies and services, not provided as part of routine care.

DATE REC'D	12/29/80
EFFECTIVE DATE	1/1/81
COMMENTS	App 1/20/81
SIGNATURE	PO
DATE TO BE	1/2/81
DATE TO GO	1/2/81
DATE TO GO	1/2/81



Acct. 2530 - X-Ray

This account includes revenue for x-ray work, supplies, and services not provided as part of routine care.

Acct. 2600 - Barber and Beauty Shop

This account includes revenue for barber and beauty services and supplies not provided as part of routine care.

Acct. 2610 - Personal Purchase Income

This account includes revenue from resident purchases of incidental items not accounted for in any other revenue account and not provided as part of routine care.

Acct. 2700 - Miscellaneous Resident Revenue

If revenue is included in this account, items and amounts are to be specified on Schedule A.

Other Revenue

The following accounts are to be used to record revenues not as likely to come directly from residents as the foregoing revenues.

Acct. 2800 - Grants

This account includes income from grants.

Acct. 2810 - Donations

This account includes income from donations.

Acct. 2820 - Interest Income

This account includes interest income generated by loans.

Acct. 2830 - Rental Income

This account includes revenue generated by rental of equipment and facilities.

Acct. 2840 - Staff and Guest Food Sales

This account includes revenue from sale of food to staff and guests.

Acct. 2850 - Concession Income

This account includes revenue from concession sales, including candy machines, soft drink machines, and cigarette machines.

Acct. 2900 - Miscellaneous Revenue

if revenue is included in this account, items and amounts are to be specified on Schedule A.

DATE R.C.D. 12/29/80	SUB. # 80-31 P O	DATE TO D.C. 1/31/81
EFFECTIVE DATE 1/1/81		DATE TO STATE 1/1/81
COMMENTS		DATE FILED

Base and Labor Costs

The following accounts are to be used to classify expenses.

Base Costs

These accounts are for costs other than salaries and certain consulting fees.

General & Administrative

Acct. 3310 - Office Supplies and Printing

All office supplies, printing, small equipment of an administrative use not requiring capitalization, postage, printed materials including manuals and educational materials are to be included in this account.

Acct. 3510 - Legal and Accounting

Legal fees applicable to the facility and attributable to resident care are to be included in this account. Retainer fees are not a specific resident related cost and shall be adjusted as non-allowable. Legal fees attributable to a specific resident shall also be adjusted as non-allowable. Accounting and bookkeeping expenses of a non-duplicatory nature including accounting related data processing costs are also to be included in this account.

Acct. 3520 - Management fees

Management fees as defined in Rule 461-17-895 are to be included in this account.

Acct. 3530 - Donated Services

Donated services by nonpaid workers as defined in Rule 461-17-810 are to be included in this account. The account should show the actual expenses in Column 1. Adjustments and reclassifications to appropriate salary accounts shall be made in Column 3. Attach worksheet to show adjustments and reclassifications.

Acct. 3610 - Communications

Telephone and telegraph expenses are to be included in this account.

Acct. 3711 - Travel - Motor Vehicle - Medical

This account includes medically related costs attributable to vehicle operation for facility and resident care use only. Personal use shall be separated from this account as an adjustment. Other expenses of auto insurance, repairs and maintenance, gas and oil, and reimbursement of actual employee expenses attributable to facility business should be included in this account. Auto allowances that are not documented by actual expenses will be reclassified to the appropriate salary or payroll account or adjusted as a non-allowable expense.

Acct. 3712 - Travel - Motor Vehicle - Non-Medical

This account includes the same kinds of costs described for Acct. 3711, Travel - Motor Vehicle - Medical, except they are not medically related. See Rule 461-17-656 of the ICF/MR provider guide.

DATE REC'D. 12/24/80	SUB. # P.O.	DATE TO D.C. 1/21/81
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COMMENTS see 461-17-656		DATE FILED 1/21/81